

Biodiesel Fuel

Q: Is biodiesel fuel exempt from Texas state tax?

A: Texas state tax is *not* imposed on biodiesel fuel (B-100) or the volume of biodiesel fuel that is blended with petroleum diesel fuel.

A blend of biodiesel fuel with petroleum based diesel fuel is designated Bxx, where the xx represents the volume percentage of biodiesel fuel in the blend. For example: B-20 is 20% biodiesel and 80% petroleum diesel. Texas state tax is paid on the percentage (80%) of petroleum diesel fuel gallons.

Q: How does a licensee report biodiesel fuel and biodiesel fuel blends purchased in Texas?

A: Biodiesel fuel (B-100) and biodiesel fuel blends, such as B-20, are included in the total gallons consumed (item D) to calculate your fleets average miles per gallons.

It is presumed that biodiesel fuel and biodiesel blends are consumed in the jurisdiction where the fuel was purchased. Biodiesel fuel and biodiesel fuel blends that are purchased in Texas and delivered into the fuel supply tank(s) of IFTA licensed motor vehicles is considered consumed in Texas.

When biodiesel fuel is purchased in Texas the “taxable miles” (**item I**) and “tax paid gallons” (**item L**) reported for Texas on the return schedule **must be adjusted**. Follow the steps below when biodiesel fuel (B-100) or biodiesel fuel blends (B-20) are purchased in Texas.

B-100 Biodiesel Fuel purchased in Texas

State tax is not paid on B-100 biodiesel fuel purchased in Texas. You must adjust the taxable miles (item I) traveled in Texas and the tax paid gallons (item L) for Texas.

Step 1

B-100 gallons purchased in Texas tax free
X fleet average MPG (*item E*)
= miles traveled using B-100

Step 2

Total IFTA Miles for Texas (*item H*)
– miles traveled using B-100 from Step 1
= Taxable Miles for Texas (**item I**) *if a negative number enter a zero in item I

Step 3

Total gallons purchased in Texas (B-100 biodiesel and petroleum diesel fuel)
– B-100 gallons purchased in Texas tax free
= Tax Paid Gallons for Texas (**item L**)

Example when B-100 is purchased in Texas:

19,000 miles in Texas
3,500 miles in New Mexico
6,500 miles in Arizona
= 29,000 Total IFTA Miles

4,800 gallons of B-100 biodiesel fuel purchased in Texas
zero (-0-) gallons purchased in New Mexico
1,000 gallons of petroleum diesel fuel purchased in Arizona
= 5,800 Total Gallons Consumed

To find fleet average mile per gallon item E:

29,000 total IFTA miles ÷ 5,800 total gallons consumed = 5.00 average MPG (**item E**)

To find Texas taxable miles (item I) and Texas taxable gallons (item L):

Step 1

4,800 gallons of B-100 X 5.00 fleet MPG = 24,000 miles traveled using B-100

Step 2

19,000 total IFTA Miles for Texas (item H)
– 24,000 miles using B-100
= <5,000> taxable miles for Texas (**item I**) *if negative number enter zero (0) in item I

Step 3

4,800 Total gallons purchased in Texas
– 4,800 gallons of B-100 purchased in Texas
= -0- (zero) tax paid gallons purchased in Texas (**item L**)

Attached Graphic for completed IFTA Report Supplement 560-102

B-xx Biodiesel Blended Fuel Purchased in Texas at a Reduced Tax Rate

Texas state tax is paid on the percentage of petroleum diesel fuel gallons in a B-xx blend. First you need to determine the gallons of petroleum diesel fuel in the B-xx blend on which Texas tax was paid. Then you must adjust the taxable miles (item I) traveled in Texas and the tax paid gallons (item L) for Texas.

Step 1

B-20 gallons purchased in Texas at a reduced tax rate
X 20 % (percentage of tax-exempt biodiesel blended with the petroleum diesel fuel)
= gallons of tax-exempt biodiesel fuel in the B-20 blended gallons purchased

Step 2

Tax-exempted gallons from Step 1
X fleet average MPG (item E)
= miles traveled using tax-exempt biodiesel

Step 3

- Total IFTA Miles for Texas (item H)
- miles traveled using tax-exempt bio-diesel gallons from Step 2
- = taxable miles for Texas (**item I**) *if negative number enter zero (0) in item I

Step 4

- Total gallons purchased in Texas (biodiesel blended fuel and petroleum diesel)
- tax-exempt gallons from Step 1
- = Tax Paid Gallons for Texas (**item L**)

Example when B-xx blend is purchased in Texas:

- 19,000 miles in Texas
- 3,500 miles in New Mexico
- 6,500 miles in Arizona
- = 29,000 Total IFTA Miles

- 1,500 gallons of petroleum diesel fuel purchased in Texas
- 3,300 gallons of B-20 biodiesel fuel purchased in Texas
- zero (-0-) gallons purchased in New Mexico
- 1,000 gallons of petroleum diesel fuel purchased in Arizona
- = 5,800 Total Gallons Consumed

To find fleet average mile per gallon item E:

29,000 total IFTA miles ÷ 5,800 total gallons consumed = 5.00 average MPG (item E)

To find Texas taxable miles (item I) and Texas taxable gallons (item L):

Step 1

- 3,300 of B-20 gallons purchased in Texas at a reduced tax rate
- X 20 % (percentage of tax-exempt biodiesel blended with the petroleum diesel fuel)
- = 660 gallons of tax-exempt biodiesel fuel in the B-20 blended gallons purchased

Step 2

- 660 Tax-exempted gallons from Step 1
- X 5.00 fleet average MPG (item E)
- = 3,300 miles traveled using tax-exempt biodiesel

Step 3

- 19,000 Total IFTA Miles for Texas (item H)
- 3,300 miles traveled using tax-exempt bio-diesel gallons from Step 2
- = 15,700 taxable miles for Texas (**item I**) *if negative number enter zero (0) in item I

Step 4

- 4,800 Total gallons purchased in Texas (biodiesel blended fuel and petroleum diesel)
- 660 tax-exempt gallons from Step 1
- = 4,140 Tax Paid Gallons for Texas (**item L**)

Attached Graphic for completed IFTA Report Supplement 56-102 (B-100)(B-xx)

Q. Can a licensee request a refund for tax paid to a jurisdiction other than Texas on biodiesel fuel or biodiesel fuel blends that are actually consumed in Texas?

A. Yes. The presumption that biodiesel fuel and biodiesel fuel blends are consumed in the jurisdiction where the biodiesel fuel was purchased may be overcome if it is shown that the total gallons of biodiesel fuel or biodiesel fuel blends purchased in the IFTA jurisdiction is greater than the amount of total gallons of diesel fuel used in that jurisdiction by all diesel-powered motor vehicles operated by the licensee during the reporting quarter. An IFTA licensee who overpays the tax on biodiesel fuel or biodiesel fuel blends by way of their IFTA tax return may request a refund from the Comptroller. You may download a copy of the Texas Claim For Refund of Gasoline and Diesel Fuel Taxes (form 06-106) on the Internet at <http://www.cpa.state.tx.us/taxinfo/taxforms/06-forms.html> . A refund claim must be supported with purchase invoice(s) and the IFTA tax return on which the tax was paid to Texas.

IFTA FUEL TAX REPORT SUPPLEMENT

a. T Code **56100**

c. Texas taxpayer number

b.

You have certain rights under Ch. 559, Government Code, to review, request, and correct information we have on file about you. Contact us at the address or toll-free number listed on the IFTA Fuel Tax Report, Form 56-101.

d. IFTA number

TX

g. Taxpayer name

EXAMPLE: B-xx PURCHASED IN TEXAS

e. Filing period

f.

h. Due date

• DO NOT WRITE IN SHADED AREAS

• Please read instructions on back

• TYPE OR PRINT

1. ■ Indicate the appropriate fuel type for this supplement (CHECK ONLY ONE - Use a separate IFTA Report Supplement, Form 56-102, for each fuel type.)

OTHER (See instructions)



01 - DIESEL



02 - GASOLINE



03 - ETHANOL



04 - PROPANE (LPG)



Fuel code

Fuel type

A. Total IFTA miles
(Whole miles)

29,000

+

B. Total Non-IFTA miles
(Whole miles)

=

C. Total miles
(Item A + Item B)

29,000

÷

D. Total gallons consumed
(IFTA and non-IFTA)

5,800

=

E. Average fleet MPG
(Item C ÷ Item D)

5.00

F. ■ Juris. ID	G. ■ Total IFTA Miles (Whole miles)	H. ■ Total IFTA Miles (Whole miles)	I. ■ Taxable Miles (Whole miles)	J. ■ Taxable Gallons (I ÷ E)	K. ■ Taxable Gallons (Whole gallons)	L. ■ Tax Paid Gallons (Whole gallons)	M. ■ Net Taxable Gallons (K - L)	N. ■ Tax Rate	O. ■ Tax/<Credit> Due (M x N)	P. ■ Interest Due (Dollars & cents)	Q. ■ Total Due (O + P)
AZ		6,500	6,500		1,300	1,000	300				
NM		3,500	3,500		700	-0-	700				
TX		19,000	15,700		3,140	4,140	<1,000>				
TOTALS FOR THIS PAGE ONLY									2.	3.	4.

* Indicates surcharge ** Indicates mid-quarter rate change